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SUBJECT: CIVAIR: TMA LINES OF DEVELOPMENT

REF: BEIRUT A-03, JANUARY 10, 1974

SUMMARY: TMA FORECASTING NET PROFIT 26 MILLION LEBANESE POUNDS FOR 1974, DUPLICATING TRACK-RECORD OF 1973, DESPITE QUANTUM INCREASE IN FUEL PRICES. ACQUISITION OF WIDEBODIED JET FREIGHTERS PLANNED FOR FIRST DELIVERIES 1976. END SUMMARY.

1. EMBASSY MEETING JANUARY 29 WITH MUNIR ABU HAIDAR, TMA PRESIDENT, INDICATES LEBANESE ALL-CARGO CARRIER REGISTERED NET PROFIT LL 22.9 MILLION (APPROXIMATELY \$9.2 MILLION U.S.) FOR FIRST ELEVEN MONTHS OF 1973, WITH FORECAST NET PROFIT FOR FULL 12-MONTHS 1973 OF APPROXIMATELY LL 25-26 MILLION. DESPITE HEAVY PRICE INCREASES JET FUEL NOW EXPERIENCED BY TMA THROUGHOUT ROUTE SYSTEM, ABU HAIDAR STILL FORECASTS NET PROFIT OF APPROXIMATELY LL 26 MILLION FOR 1974, WITH INCREASED JET FUEL EXPENSES COMPENSATED FOR

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BY AN AVERAGE 11 PERCENT INCREASE IN THE LEBANESE CARRIER'S CARGO

RATES. HAD JET FUEL PRICES REMAINED CONSTANT DURING 1973, TMA LOOKED FORWARD TO LL 45 MILLION NET PROFIT FOR 1974.

2. REGARDING TMA'S OPERATING FLEET, ABU HAIDAR STILL PLANS TO BUY ONE OR TWO WIDEBODIED JET FREIGHTERS THIS YEAR FOR DELIVERY EARLY 1976. CHOICE STILL APPEARS TO BE BOEING 747-400F (POWERED BY PRATT & WHITNEY JT9D-70'S) OR MCDONNELL DOUGLAS DC-10-40AF'S (POWERED BY PRATT AND WHITNEY JT9D-59A'S). TWO OF CRITICAL ELEMENTS IN EVALUATING WHICH AIRCRAFT WILL BE BOUGHT ARE: A) FUEL EFFICIENCY PER AVAILABLE TON MILE; B) DIRECT AND INDIRECT OPEATING COSTS PER AVAILABLE TON MILE. ABU HAIDAR INTRIGUED WITH APPROXIMATELY 100-TON PAYLOAD CAPABILITY OF 747-400F BUT ALSO HIGHLY INTERESTED IN OPERATING FLEXIBILITY, CUBE CHARACTERISTICS, AND SIZE OF DC-10-40F, FITTING (IN PLANELOAD CAPACITY) BETWEEN AIRLINE'S BOEING 707-320C(SIX 707-327C'S, ONE 707-323C) AND THE 747-400F. ABU HAIDAR PLANS INTRODUCTION OF WIDEBODIED FREIGHTERS AT MEASURED PACE OF ONE A YEAR FROM 1976 ONWARD THROUGH 1980, IN VIEW OF NEED FOR ADEQUATE LEAD-TIME TO RECRUIT AND TRAIN ADDITIONAL FLIGHT CREWS (SEVEN THREE-MAN CREWS PER AIRCRAFT) AND TO PERMIT ORDERLY EXPANSION OF CARGO-TERMINAL FACILITIES. DOUGLAS AIRCRAFT COMPANY AND THE BOEING COMPANY HAVE SUBMITTED DETAILED FLEET PLAN STUDIES TO TMA COVERING THE DC-10-30AF/40AF AND THE 747-300F/400F, BUT ABU HAIDAR STILL AWAITING FINAL FLEET PLAN STUDY PREPARED BY MANHASSET-BASED AVIATION CONSULTANT R. SIXON SPEAS, COMPLETION OF WHICH DUE WITHIN NEXT MONTH OR TWO RECOMMENDING ONE OF THE TWO WIDEBODIED FREIGHTER COMPETITORS.

3. OF PASSING INTEREST, ABU HAIDAR INDICATES THAT HIS AIRCRAFT, WHENEVER POSSIBLE, PICK UP FUEL AT BAGHDAD SINCE

THE PRICE FOR JET FUEL THERE (ABOUT 20 CENTS PER GALLON) MUCH LOWER THAN ELSEWHERE ON TMA'S ROUTE NETWORK.

4. ABU HAIDAR FORECASTS NO DIFFICULTIES ARRANGING FINANCING FOR WIDEBODIED AIRCRAFT DUE PRESENT FAVORABLE FINANCIAL AND PROFITABILITY ASPECTS TMA. FIRST NATIONAL BANK OF CHICAGO, TMA'S PRIME BANKING SOURCE, WOULD PROBABLY REPRESENT LEAD-LIMITED OFFICIAL USE

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BANK IN COMMERCIAL PORTION OF WIDEBODIED FREIGHTER FINANCING SCENARIO.
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